GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:4531
ANSWERED ON:17.04.2001
PRODUCTION CAPACITY OF UREA AND AMMONIA PLANTS
PRABHUNATH SINGH

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether it is a fact that FICC failed to assess the actual production capacity of urea andammonia plants resulting into extra benefit to the manufacturers to the tune of crores during 1997-98;

(b) if so, the reasons therefor;

(c) whether this fact was emphasised in its report by the CAT ending March 1991;

(d) if so, the details thereof; and

(e) the steps proposed to be taken by the Government to fix the responsibility and to recover amount in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI S.B. MOOKHERJEE)

(a) to (e) : The Government is seized of the matter relating to excess drawal of subsidy by urea units on account of understatement of installed capacities. The Report of the Comptroller and Auditor General (for the year ended March 1999) − Union Government (Civil) Transaction Audit observations No. 2 of 2000 also made observations with regard to excess drawal of subsidy by urea units on account of understatement of their installed capacities.

The Government has appointed a Committee of Experts under the Chairmanship of Dr.Y.K. Alagh in May 2000 to address to the total issue of reassessment of capacity of urea units including the recoveries to be effected from them. The Committee has recently submitted its report to the Government on 29.3.2001.

Pending Government's decision on the report of Dr. Alagh Committee, an interimreassessment of capacities of urea units has already been carried out w.e.f. 1.4.2000, which would result in a saving of Rs.450 crore per annum approximately.